

Federal Times

Energy To Open 927 Jobs to Contractor Competition

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By Chet Dembeck

A rewrite of federal outsourcing rules proposed by the Bush administration could significantly accelerate the transfer of government work from federal employees to contractors.

The Energy Department plans to subject 927 of its jobs to contractor competition by Sept. 30, 2003.

The department completed the plan this month with Office of Management and Budget officials to comply with President Bush's goal that each agency open 15 percent of its jobs that perform commercial-like tasks to private-sector competition by that date.

When agencies subject federal jobs to competition with contractors, it is known as competitive sourcing and is done under the rules of OMB Circular A-76. Those rules permit agencies to transfer commercial work done by federal employees to contractors if it can be done cheaper.

The administration is pressing agencies to assess 5 percent — or about 42,500 — of their commercial jobs for possible outsourcing by Sept. 30 and another 10 percent a year later. This means that all agencies must open 15 percent of their commercial jobs — or about 127,500 jobs — to contractor competition by Sept. 30, 2003.

By the end of the Bush term, the goal is to open 50 percent of the government's commercial jobs — or an estimated 425,000 jobs — to private-sector competition.

To achieve the 15 percent target by 2003, Energy will conduct competitions under A-76 rules. But as the competitive sourcing targets increase toward 50 percent, Dennis O'Brien, director of Energy's newly established competitive sourcing office, foresees needing alternative methods to assess how those jobs might be done more efficiently.

The Defense Department also must assess thousands of its jobs to meet the same goals. Because A-76 competitions are long, costly and difficult manage, Defense officials are devising alternative methods to study how they can perform work more efficiently, a process that Pentagon officials call strategic sourcing. This could include privatizing or redesigning operations done by the Defense Department.

"Strategic sourcing is one alternative that's been used successfully at DoD," O'Brien said.

Whether OMB will approve such alternatives remains to be seen.

Paul Taibl, a defense policy analyst with Business Executives for National Security, a Washington, D.C.-based think tank, said agencies need a variety of tools including re-engineering and even outright privatization to help them achieve such ambitious goals.

Energy hired O'Brien four months ago to oversee the department's effort to meet the president's competitive sourcing goals.

As a former Army colonel with extensive competitive sourcing experience, O'Brien said he was the right person to handle the complicated negotiations with OMB that went on for several months.

"I'm a believer in the process," said O'Brien. "I worked on three A-76 projects when I was in the Army. After retiring, I also worked with Raytheon as part of its A-76 contracting team."

Taibl said the fact that Energy hired someone like O'Brien to oversee its competitive sourcing program shows how seriously agencies take the administration's agenda to open more federal jobs to private-sector competition.

Under the agreement between OMB and Energy, the Energy Department has identified 4,828 of its 14,717 federal jobs as inherently governmental, a term describing positions deemed so critical that they must be done by government employees.

The bulk of those jobs are positions that oversee contract workers.

The remainder — 9,889 — are commercial jobs, meaning they conceivably could be done by contractors. However, Energy is exempting 3,409 of those commercial jobs from being considered for possible outsourcing because they are responsible for manning Energy's network of power grids.

Energy is responsible for managing the nation's nuclear weapons production complex, cleaning up nuclear waste and conducting energy-related research. It does so by spending about 94 percent of its \$22-billion budget on contractors and has established an extensive network of field offices to oversee their work and address other departmental responsibilities.

Energy's federal work force is not typical of most federal agencies. Most are professional or hold technical positions; 70 percent of its employees earn \$60,000 or more a year.

Of the initial 927 positions to be studied, 452 will come from headquarters and 475 will come from field offices.

Information technology is the largest segment that will be affected by competitive sourcing at Energy, with 420 jobs being studied. Next comes logistics with 190.

O'Brien has assigned teams to work closely with the affected employees to help them understand each step of the competitive sourcing process. "We want the work force to be informed as much as possible," O'Brien said.

While the process may be painful, O'Brien argues that competitive sourcing and its alternatives will improve Energy's overall effectiveness by injecting more efficient work practices through competition.

Adrian Moore, executive director of the Reason Public Policy Institute, a Los Angeles-based think tank, also believes that Energy is taking the right path by subjecting its high-tech jobs to competition.

"Remember, competitive sourcing is a tool for figuring out ways to improve — either through developing a most effective organization, or by having a private firm win the competition," Moore said.